

City Council Meeting Minutes

**June 9, 2020
Electronic Meeting
6:00 PM**

Call to Order – Mayor Stolzmann called the meeting to order at 6:00 p.m. **Roll Call** was taken and the following members were present:

City Council: ***Mayor Ashley Stolzmann
Mayor Pro Tem Dennis Maloney
Councilmember Kyle Brown
Councilmember J. Caleb Dickinson
Councilmember Deborah Fahey
Councilmember Chris Leh
Councilmember Jeff Lipton***

Staff Present: ***Heather Balser, City Manager
Megan Davis, Deputy City Manager
Kevin Watson, Finance Director
Penney Bolte, Sales Tax Administrator
Nathan Mosely, Parks, Recreation, & Open Space Director
Kurt Kowar, Public Works Director
Rob Zuccaro, Planning & Building Safety Director
Chris Neves, Information Technology Director
Sharon Nemechek, Library Director
Dave Hayes, Police Chief
Megan Pierce, Economic Vitality Director
Kathleen Hix, Human Resources Director
Emily Hogan, Assistant City Manager for Communications
& Special Projects
Meredyth Muth, City Clerk***

Others Present: ***Kathleen Kelly, City Attorney***

Mayor Stolzmann noted that because of the COVID-19 emergency the meeting is being held electronically. She gave information on how the meeting process will work and directions for those dialing in on how to participate when it is time for public comments.

SALES TAX REPORTS FOR THE MONTH ENDED APRIL 30, 2020

Sales Tax Administrator Penney Bolte reviewed the current revenue numbers. Year to date numbers are up slightly for sales tax but down for most other revenue areas. April numbers show decreases across the board compared to April 2019. She reviewed the various reports for tax revenue by area and by industry.

The Monthly Revenue by Industry report for April 2020 indicates gains for Grocery, Building Materials, Finance/Leasing, Furniture and Automotive and declines across other sectors. There were steep declines in food/beverage and services (particularly lodging) due to COVID 19 closures. She noted increases in outside city sales and telecommunications also due to COVID 19.

Councilmember Lipton asked why the building use tax numbers are so high. Director Zuccaro stated that increase is largely due to two large projects in CTC that have pulled permits.

Public Comments – None.

DISCUSSION/DIRECTION – UPDATED 2020 REVENUE PROJECTIONS

Director Watson stated the last time we discussed revenue projections was March 31 at the beginning of the COVID shut down. Since then staff has reviewed all revenue accounts citywide. Those reviews confirmed there will need to be cuts for the remainder of 2020.

Director Watson noted that previously sales tax projections were at a 23% reduction but that has been upgraded to a 15% reduction. The projections for some of the other revenue sources have been increased however. Director Watson noted these projections show full recovery in the fourth or fifth year. The projections also don't assume any changes in property tax.

He noted the General Fund gives annual payments to the Open Space & Parks Fund and the Recreation Fund, so all the funds are intertwined. The projection for the General Fund shows a reduction of \$2.5M for 2020. Staff is already working on cuts to expenditures and operations for 2020.

Director Watson stated staff is asking Council to consider spending approximately \$1.7M from the reserves in these funds to cover costs to keep from deeper cuts to services. He showed how much each fund has in reserve noting each is well above minimum requirements and also well above the Council's target balances.

Public Comments – None

Mayor Pro Tem Maloney stated he is not comfortable reducing the funds to their minimum levels as we don't know what the future holds; there may be more waves of the virus or other issues we need to be prepared for.

Councilmember Lipton asked City Manager Balser what her strategy has been in deciding on cuts. City Manager Balser stated it is a combination of cuts to programs that are not bringing in revenue or have reduced levels of service based on COVID restrictions and also operational cuts that are more discretionary such as training and travel. She added there have been furloughs and there are a number of positions that are currently vacant that are not being filled.

Councilmember Lipton noted he would be willing to spend some reserves but wants to be conservative given we don't know what is ahead.

Councilmember Brown agreed but noted that having a large reserve in and of itself is not the goal. He stated he would be comfortable spending more of the reserves than is proposed by staff if it will maintain services.

Mayor Stolzmann stated that she too would spend more of the reserves than proposed to maintain services. There would still be a high fund balance to fall back on if there is another wave of COVID restrictions that affects the budget.

Councilmember Dickinson also supported spending additional funds from the reserves.

Mayor Pro Tem Maloney suggested spending \$2-2.5M of the reserves from the General Fund. Councilmember Leh agreed.

Members discussed various options on how much to the reserves they would be comfortable spending.

The consensus was to spend up to \$2.5M of the reserves to offset cuts in the General Fund and also fully fund the transfers to the Open Space & Parks Fund and Recreation Fund.

ADJOURN

Members adjourned at 8:05 pm.

Ashley Stolzmann, Mayor

Meredyth Muth, City Clerk